JANUARY 1, 1991
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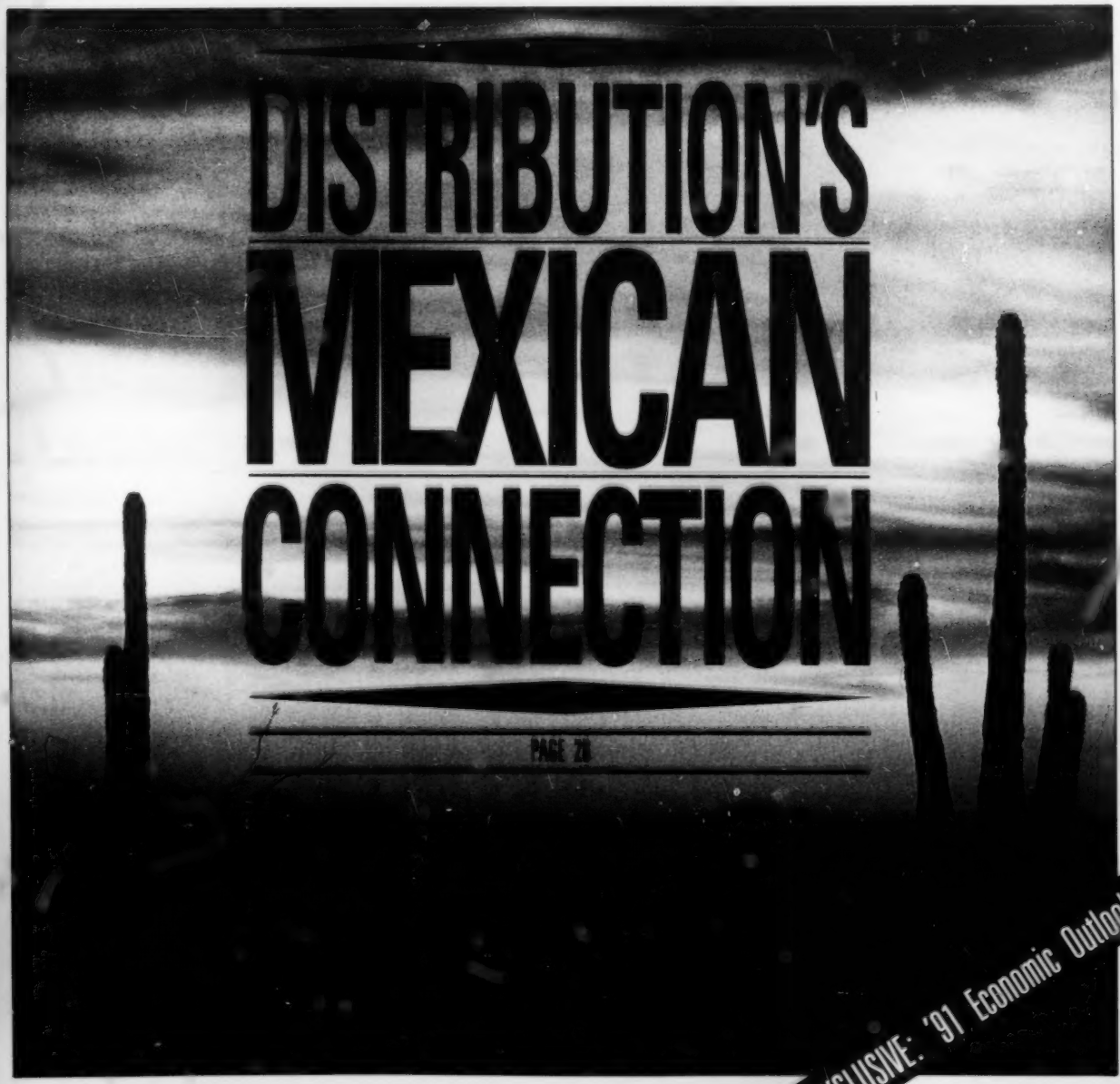
Industrial Distribution

THE MANAGEMENT & SALES MAGAZINE FOR DISTRIBUTORS

SPECIAL:

Expertise gains cutting tool sales



Industrial Distribution

THE MANAGEMENT & SALES MAGAZINE FOR DISTRIBUTORS

VOL. 80, NO. 1 JANUARY 1, 1991 A CAHNERS PUBLICATION

A new era for industrial distributors is dawning along the U.S.-Mexico border.

Cover photography by Visual Images West, Inc.

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The economy continues to show signs of sluggishness but there are indications that stronger expansion is around the corner.

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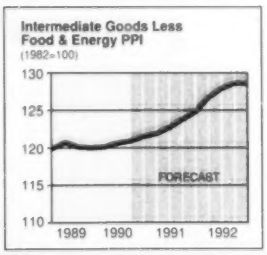

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BUSINESS REPORT

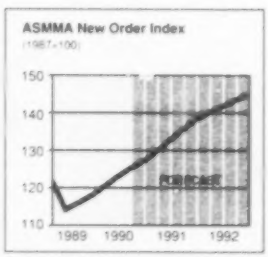
BY PAUL WATERS

Process industry forecast

Output expected to rise 4% in '91.

Process industry output is forecasted to rise 4% in 1991, up from an estimated 1.3% increase in 1990. Rebounds in important OEM and construction markets will boost demand for such materials as chemicals, plastics, and steel. Because inventories are now lean, producers of basic materials will have to fill new orders by increasing production. Prices will rise slightly, but ample capacity in materials like chemicals and plastics will prohibit sharp surges in price. Leadtimes will also be somewhat longer, but this should not be a problem for purchasing managers.

The average output by the process industries increased slightly in 1990. Process industries shipments also rose approximately 3.1%. After adjusting for inflation, however, real shipments for the year were flat. Profits for many firms in the process industries were squeezed by decreasing capacity utilization rates and soft prices.



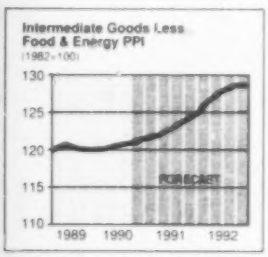
Data source: ASMMA
Forecast source: Cahners Economics

Data source: I.D.A.
Forecast source: Cahners Economics

Capacity utilization in the primary processing industries (textile mills, paper, industrial chemicals, petroleum, rubber and plastic, lumber, primary metals, fabricated metals, stone, clay, and glass) slipped from a cyclical high of 89% in January 1989 to about 85.5% by the end of 1990. The outlook calls for improvement, however. The recent slow growth in capacity and higher demand for materials in the OEM and export markets will begin to boost operating rates in many process industries. Capacity utilization in that sector will hit 87.9% by the end of 1991.

Leadtimes for many industrial components and materials will become longer in 1991 and prices will rise accordingly. After sliding 8.7% in 1990, Cahners' leadtime index of industrial materials will grow a modest 2.4% in 1991. The large swings in leadtimes seen during previous business cycles will probably be a rare occurrence in the 1990's, due to changes such as just-in-time manufacturing and more flexible business capital. The business cycles themselves will not be as volatile in the '90s.

Prices of crude and intermediate materials will jump as a result of the crisis in the Middle East. Crude material prices rose an estimated 4.9% in 1990 and will rise an additional 5.3% in 1991. □



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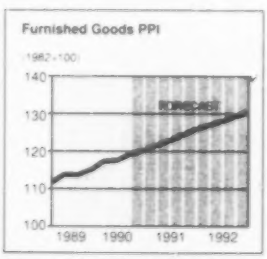
Forecast source: Cahners Economics



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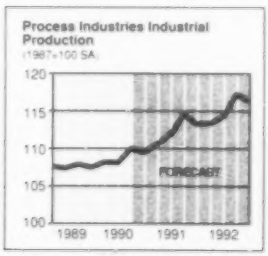

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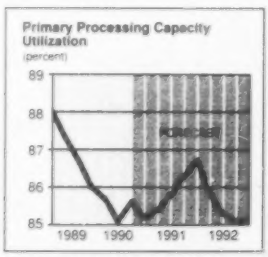

Data source: Federal Reserve Board
Forecast source: Cahners Economics

(1977=100)	SALES Oct. 1990	Sept. 1990	Oct. '90 vs Oct. '89 % change	RECEIVABLES Oct. 1990 days	INVENTORY Sept.-Oct. 1990 % change
TOTAL	205.7	175	17.5	37.9	-0.1
EAST	174.6	157.7	10.7	46.7	-1.4
SOUTH	274.5	248.3	10.6	36.3	0.0
CENTRAL	180.6	141.8	27.4	37	0.7
WEST	206.6	189.8	8.9	33.1	-0.6

SOURCE: Industrial Distribution Assn.

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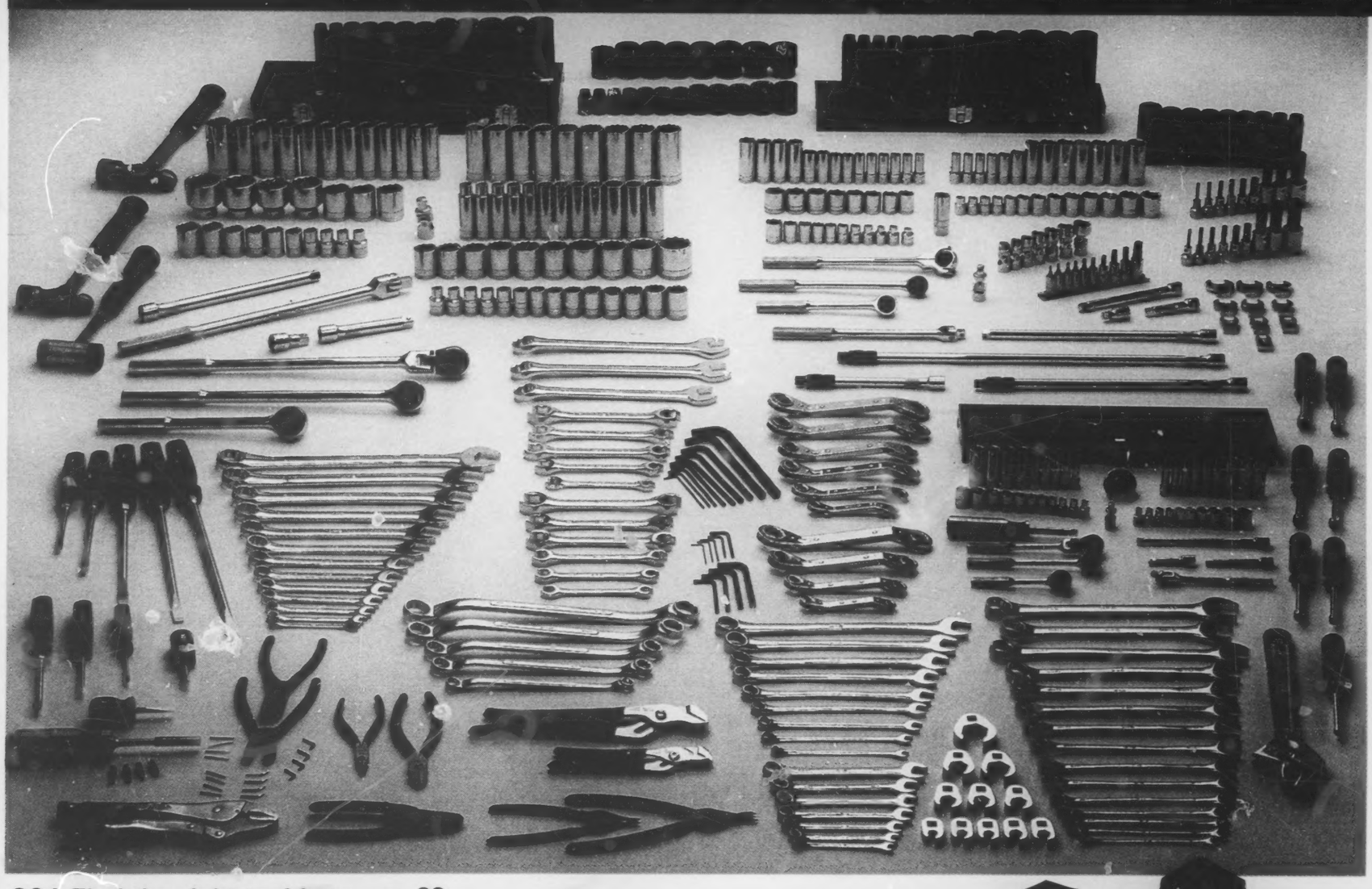
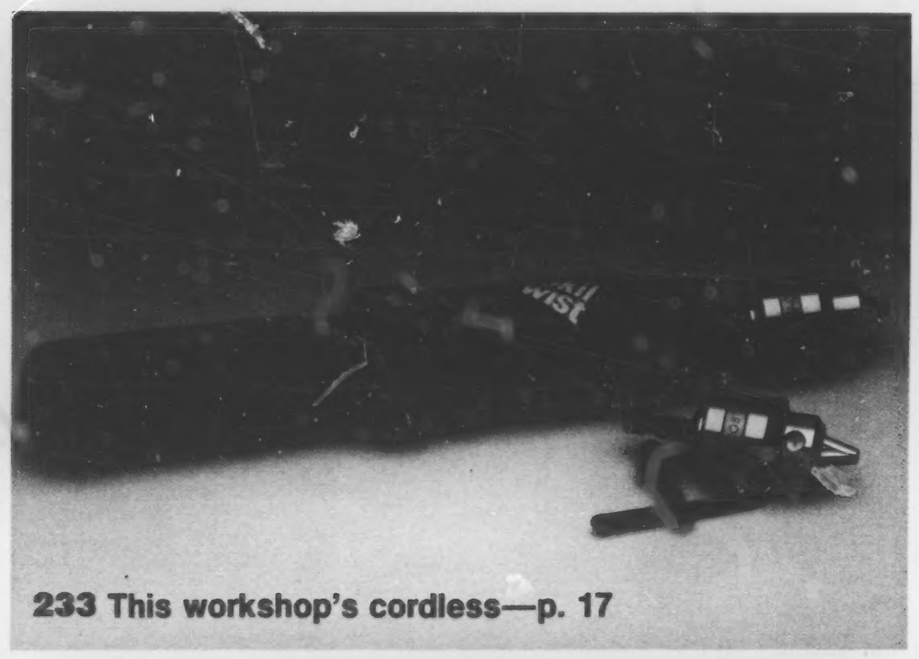
Industrial Distribution

MARKETPLACE



30% Find the right tool here—p. 23



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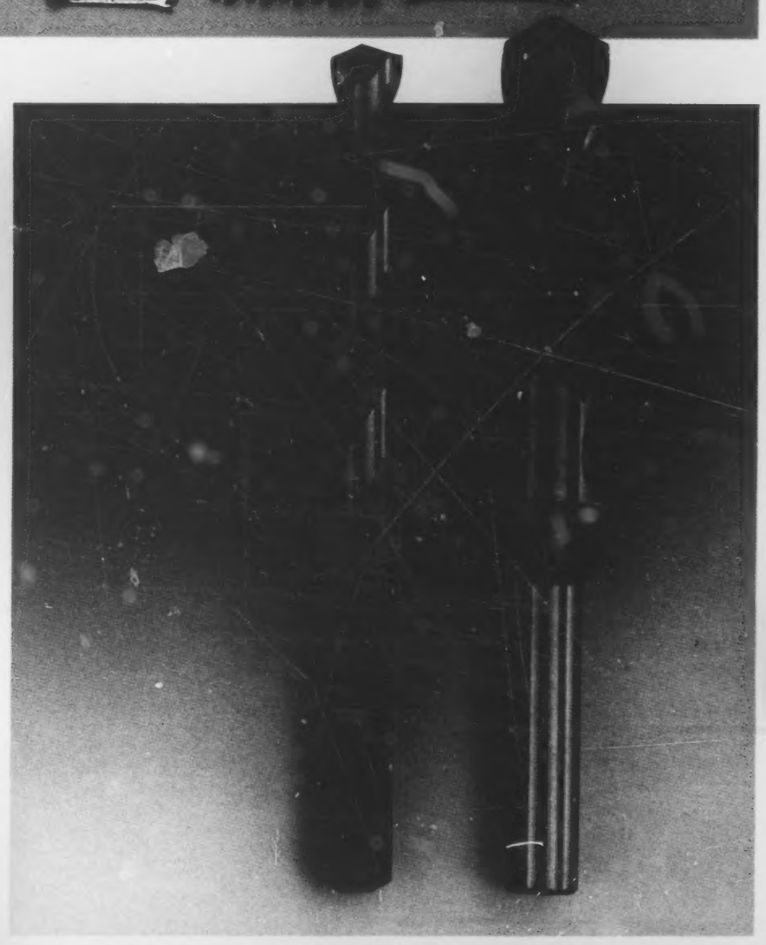
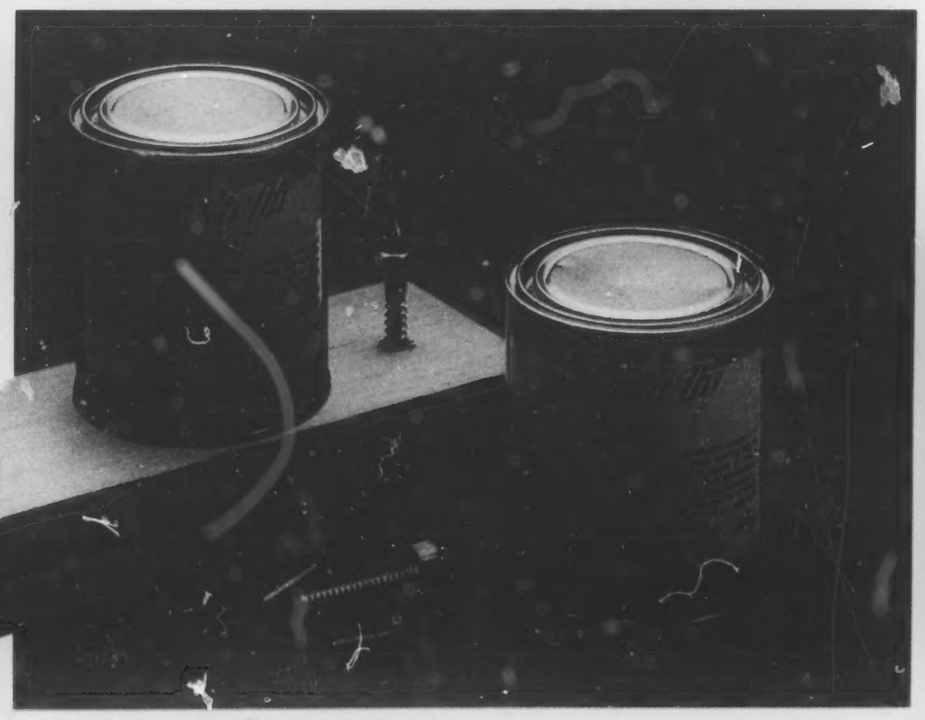


"Convexion" reduces fatigue—p. 15



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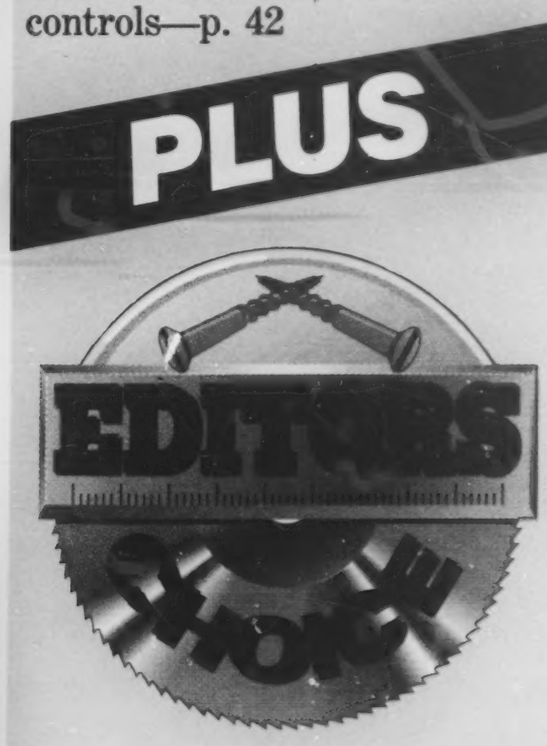

ID's Marketplace mavens focus on MRO supplies, intriguing OEM products, and a couple of nifty production line tools—p.8

Industrial Distribution
MARKETPLACE

JANUARY 15, 1991

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8 Choose diversity to meet the market's needs.
Jacobs certifies chucks; Bostik goes on-line or on-site; Justrite cushions hazards; Klein strips with modules.

11 Cutting tools deliver versatile accuracy.
Champion develops jobber thrust; Cooper flexes through contours; Amada stores critical tooling.

15 Take abrasiveness out of abrading tasks.
Suhner "convexes" fatigue; Klingspor's disc mops up; Norton reveals new edges.

17 Portable power wins market share.
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23 Hand tools attract machinists' bucks.
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29 Couplings connect with hose sales.
Aeroquip disconnects quickly; Tridon showcases 440 clamps; NewAge stifles Carbon Tet.

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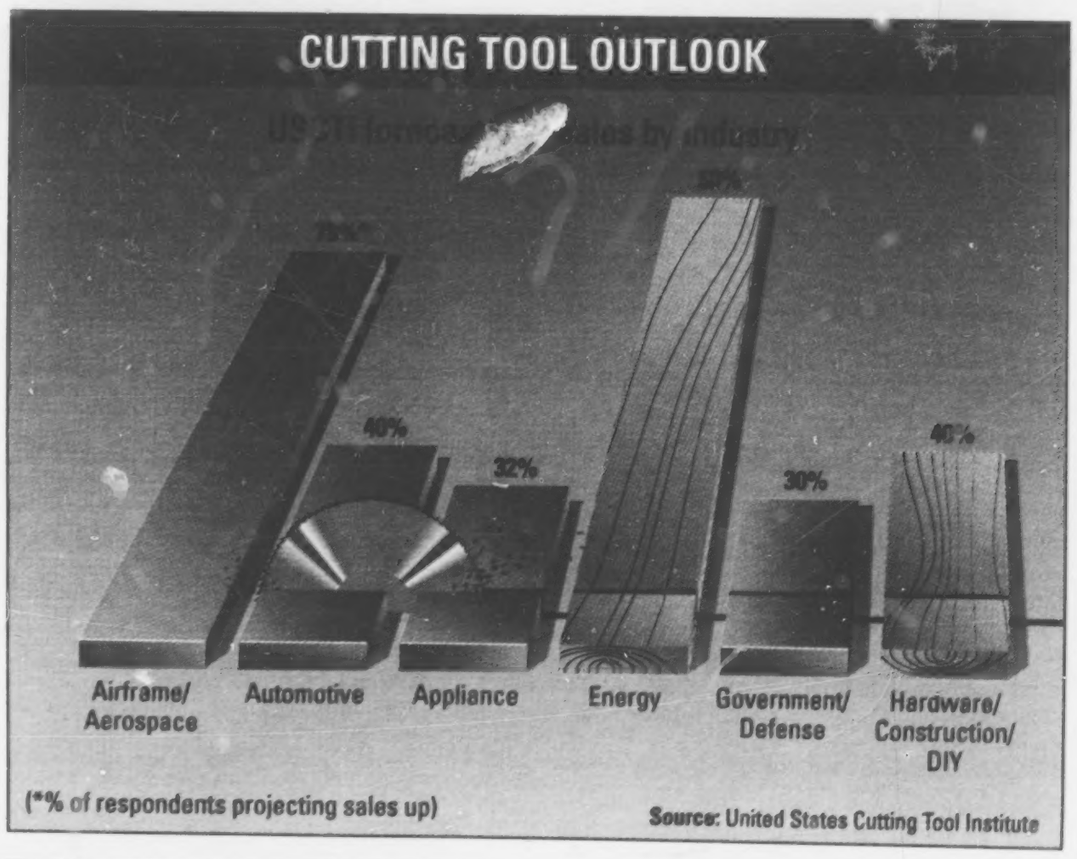

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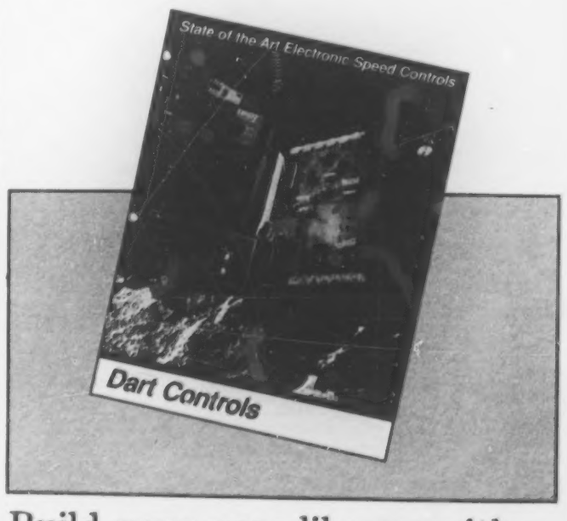
Document QC with electronic display of pneumatic variables--p. 42.



Build your spec library with the latest lit from select vendors—p. 42.